

OFFICE OF ECONOMIC DEVELOPMENT

Impact Analysis Report

OVERVIEW

The Office of Economic Development (OED) is responsible for administering the City's Foreign Trade Alternative Site Framework (ASF) Zone and various fees and permits associated with cultural activities.

Maintaining a Foreign Trade Zone enhances the City's economy and prestige as a foreign trade-friendly international city and it is an important international economic development tool. The ASF Zone fees were established on November 5, 2012 to provide San José businesses an expedited application review process by the City and the Foreign Trade Zone Board for businesses who want to activate a site as a Foreign Trade Zone.

In addition, OED administers the application review for the Wayfinding Banner program. Wayfinding banners are directional in nature to identify a unique area of the City and are limited to streets in the Downtown and major arterials.

The Office of Cultural Affairs (OCA), a division of OED, collects fees for activities such as event permit and use permit fees. Consistent with past practice, these fees and charges are designated as Category II (fees which may be less than or more than full cost recovery).

SUMMARY AND IMPACT OF PROPOSED FEE REVISIONS

Existing Fees

As a result of the economic downturn, on April 6, 2010, the City Council approved strategies to reduce charges to outdoor special event producers with the goal of promoting outdoor special events that generate economic impact and cultural vibrancy for the City of San José. In accordance with direction, the Gated Event on Public Property Fee was suspended through June 30, 2012 (from 5% of gross gate receipts to 0%). Extension of the fee suspension through June 30, 2014 was approved by the City Council on May 1, 2012 to provide continued opportunity for event producers to increase revenues through 2013-2014. On April 15, 2014, City Council approved an additional extension of the fee suspension through June 30, 2016. On June 14, 2016, the City Council approved an additional extension of the fee suspension through June 30, 2018. On June 19, 2018, the City Council approved an additional extension of the fee suspension through June 30, 2020. As a result of the suspension, signature San José events such as the San José Jazz Summer Fest, San José Juneteenth in the Park Festival, Silicon Valley Pride, and Fountain Blues Festival were able to increase their revenue generation, which was critical to the continued success of these events.

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NOTIFICATION

The Proposed Fees and Charges Report was released on May 3, 2019, allowing for a minimum of 10 days for public review. Public input on fee proposals will be heard by the City Council at public hearings held on Tuesday, May 14, 2019 at 1:30 p.m. and Monday, June 10, 2019 at 6:00 p.m. in the Council Chambers.

DEPARTMENTAL FEES AND CHARGES

ECONOMIC DEVELOPMENT

Service	2018-2019 Adopted Fee	2018-2019 % Cost Recovery	2019-2020 Proposed Fee	2019-2020 Estimated Cost	2019-2020 Estimated Revenue		2019-2020 % Cost Recovery	
					Current Fee	Proposed Fee	Current Fee	Proposed Fee
ECONOMIC DEVELOPMENT - CATEGORY II								
1. Foreign Trade Alternative Site Framework Zone								
1 Annual Operating Agreement Maintenance Fee	\$300		No Change					
2 Application Fee	\$525		No Change					
3 Operating Agreement Set-Up Fee	\$2,775		No Change					
Sub-total Foreign Trade Alternative Site Framework Zone		94.2%		1,652	1,500	1,500	90.8%	90.8%
2. Gated Event on Public Property								
1 Gated Event Maximum Ticket Charge	Maximum \$35 per person per day (unless modified by a contractual agreement approved by City Council)		No Change					
2 Gated Event on Public Property Fee Note:Extend fee suspension through June 30, 2020.	0% of gross gate receipts (unless modified by a contractual agreement approved by City Council)		No Change					
Sub-total Gated Event on Public Property								
SUB-TOTAL ECONOMIC DEVELOPMENT - CATEGORY II		94.2%		1,652	1,500	1,500	90.8%	90.8%
TRANSIENT OCCUPANCY TAX FUND ECONOMIC DEVELOPMENT - CATEGORY II								
1. Parque de los Pobladores (also known as Gore Park) Use Permit								
1 Amendment Fee	\$35 (for previously approved event)		No Change					
2 Cleaning and Damage Deposit	\$1,500 (refundable)		No Change					
3 Series Permit Fee*	\$105 (series up to 4 events held in 3-month period)		No Change					

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					Current Fee	Proposed Fee	Current Fee	Proposed Fee
TRANSIENT OCCUPANCY TAX FUND ECONOMIC DEVELOPMENT - CATEGORY II								
1. Parque de los Pobladores (also known as Gore Park) Use Permit								
4 Single-Use Permit Fee*	\$65 (1 to 3 (consecutive) day period for a single event)		No Change					
Sub-total Parque de los Pobladores (also known as Gore Park) Use Permit		70.6%		794	665	665	83.8%	83.8%
2. Paseo/Plaza Use Permit								
1 "Non-Peak" Extended Permit Fee (Cleaning and Damage Deposit)	\$1,500 (refundable)		No Change					
2 "Non-Peak" Extended Permit Fee*	\$285 plus \$285 per each 28 day period (or portion thereof), after the first 28 day period		No Change					
3 Easy Urbanism Permit Fee*	\$150 per permit		No Change					
4 Limited Special Event and Guaranteed Simple Assembly Permit Fee	\$45 per permit		No Change					
5 Permit Amendment Fee	\$245		No Change					
6 Series Events Permit Fee (Cleaning and Damage Deposit)	\$1,500 (refundable)		No Change					
7 Series Events Permit Fee*	\$440		No Change					
8 Short-Term Event Permit Fee (Cleaning and Damage Deposit)	\$1,500 (refundable)		No Change					
9 Short-Term Event Permit Fee*	\$290 per event not to exceed 28 days including set-up and teardown		No Change					

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ECONOMIC DEVELOPMENT

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					Current Fee	Proposed Fee	Current Fee	Proposed Fee
TRANSIENT OCCUPANCY TAX FUND ECONOMIC DEVELOPMENT - CATEGORY II								
2. Paseo/Plaza Use Permit								
10 Street/Public Sidewalk - Additional Inspection Fee	\$100 per return visit		No Change					
Sub-total Paseo/Plaza Use Permit		75.6%		10,528	8,920	8,920	84.7%	84.7%
3. Permit Cancellation								
1 Permit Cancellation Fee - 30 days or less notice Note: Applicable to those permits marked with an asterisk (*).	50% of permit fee		No Change					
2 Permit Cancellation Fee - More than 30 days notice Note: Applicable to those permits marked with an asterisk (*).	25% of permit fee		No Change					
Sub-total Permit Cancellation								
4. Private Property Event Permit								
1 Administrative Process Fee for Downtown Core Note: Formerly titled "Administrative Process Fee."	\$110 per permit		No Change					
2 Private Property Event Permit - Limited Tent Fee*	\$450 per event		No Change					
3 Private Property Event Permit - Reoccurring Site Location Fee*	\$450 per event		No Change					
4 Private Property Event Permit Fee* Note: Formerly titled "Non- Vehicle Sales Event"	\$850 per event		No Change					
Sub-total Private Property Event Permit		85.7%		18,861	15,660	15,660	83.0%	83.0%

DEPARTMENTAL FEES AND CHARGES

ECONOMIC DEVELOPMENT

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					Current Fee	Proposed Fee	Current Fee	Proposed Fee	
TRANSIENT OCCUPANCY TAX FUND ECONOMIC DEVELOPMENT - CATEGORY II									
5. Wayfinding Banner Application									
1 Wayfinding Banner Application Additional Review Fee	\$98 per hour		No Change						
2 Wayfinding Banner Application Review Fee	\$575 per application		No Change						
Sub-total Wayfinding Banner Application									
SUB-TOTAL TRANSIENT OCCUPANCY TAX FUND ECONOMIC DEVELOPMENT - CATEGORY II		81.0%		30,183	25,245	25,245	83.6%	83.6%	
TOTAL DEPARTMENT - GENERAL FUND				1,652	1,500	1,500	90.8%	90.8%	
TOTAL DEPARTMENT - NON-GENERAL FUND				30,183	25,245	25,245	83.6%	83.6%	
TOTAL DEPARTMENT - Category II				31,835	26,745	26,745	84.0%	84.0%	
TOTAL DEPARTMENT				31,835	26,745	26,745	84.0%	84.0%	